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Jonathan G. Katz, Secretary
U.S. Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549-0609

**RE: Proposed Rule Regarding Investment Company Governance
File No. S7-03-04**

Dear Mr. Katz:

I am an independent director and Chair of the Audit Committee of New Perspective Fund, Inc., (“NPF”) one of the American Funds family of mutual funds advised by Capital Research and Management Company (“CRMC”). I was a partner of KPMG from 1986 to 1997 and previously an auditor and consultant to various public and private companies from 1976 to 1986. As a result I have advised and audited a wide variety of publicly-held and privately-held companies. One consistent characteristic of well-managed, ethical organizations was the “tone at the top”. My experience with the American Funds family and CRMC organization exemplifies and epitomizes that characteristic.

I support many of the fund governance requirements proposed by the Commission in 1940 Act Release No. 26323, particularly the requirements for a 75% independent board, annual self-assessment, separate independent director meetings and independent nominating committees. I do not support however, the proposal that every mutual fund board must have an independent Chair.

NPF does not have an independent Chair, but as a member of the Board, I have never felt inhibited in adding items to the agenda or discussing issues that are not on the agenda: a direct result of the “tone at the top”. I also believe that the quality of our Board meeting agendas are a function of the input from the interested Chair, the officers of CRMC and the independent legal counsel and auditors. They reflect a culture of transparency characterized by open and challenging dialogue between the investment adviser and the independent directors. While some funds may benefit from an independent Chair, I do not agree that the Chair should be an independent director in every case because:

- An independent Chair would not have the day to day exposure to understand and raise current issues nor anticipate potential problems before they become “problems”. In order to gain that kind of knowledge the independent chair may find himself/herself with a full time job and thereby negating any “independence”. This also would increase the cost to shareholders.

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- No two fund families and advisers have the same culture or “tone at the top”. Accordingly one size does not fit all.

The proposal appears to be more about form than substance. Instead, I would be in favor of a having a lead director who is an independent director and to have the majority of the independent directors vote and appoint the Chair.

I also applaud the Commission for its new rule requiring that the Chief Compliance Officer of the investment adviser report directly to the independent directors who would have the power to approve the appointment of and obtain the removal of that officer. I do not believe however that it would be appropriate for the Board to set the compensation of the Chief Compliance Officer. As the Commission knows, one of the principal duties of the independent directors of a mutual fund is to ensure that the outsourcing of fund services is accomplished at costs that are fair to shareholders. Thus, the independent directors approve the compensation of auditing firms, consulting firms, investment advisers, transfer agents, and other outside service providers to the funds. The Board, however, does not seek, for example, to determine the compensation of the partner that leads the audit team selected by the auditing firm nor the compensation of any other individual associated with an outside service provider. It would be inappropriate to treat a Chief Compliance Officer any differently. To the contrary, the compensation of a Chief Compliance Officer who is an employee of the adviser must fit within the adviser’s compensation benefit and performance standards.

An important balance between fund governance and oversight and day-to-day management must be maintained in any proposed fund governance changes. If not, the shareholders will suffer the most in that very few qualified individuals will step forward to assume the duties of an independent director of a mutual fund. I view the setting of compensation for anyone associated by an outside service provider at the fund board level to be crossing the line from fund governance to day-to-day management.

Thank you for considering my views.

Yours very truly,

Vanessa C.L. Chang